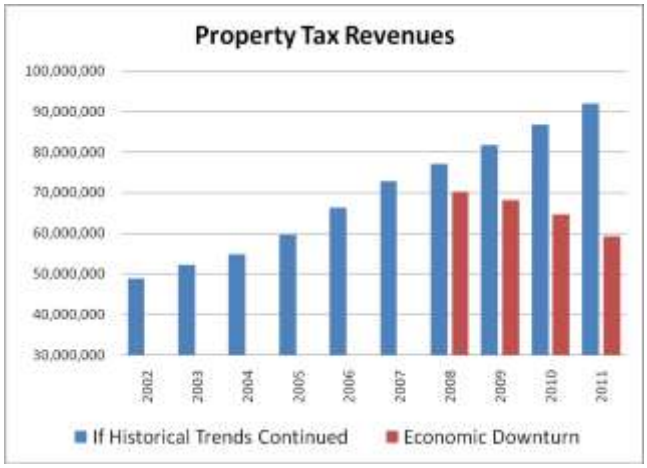
January 2011

Preliminary Financial State of the County
Executive Summary

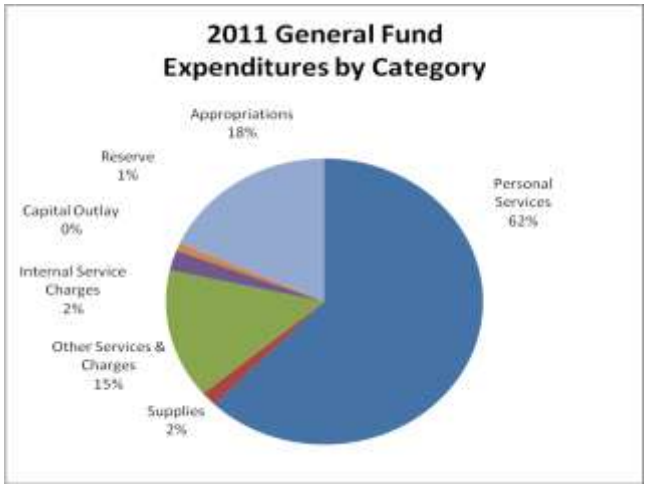
Uncertain Times

- State Budget with $1.8 Billion Deficit
- New Governor / New Politics / New Direction
- Evolving Economy – Some Good Signs, Lots of Questions
- Increased Community Need



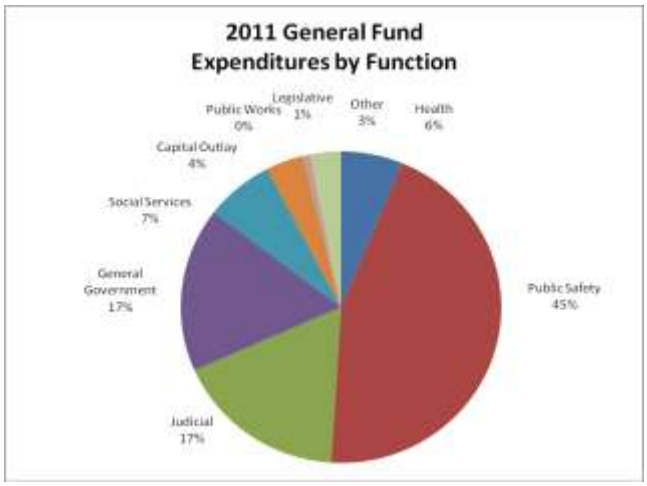
Revenues are Declining and Unstable

- ***Property Taxes*** – had been growing at 6%+ annually; gap of $30M in 2011 from where we would have been if no economic decline to current situation
- ***Revenue Sharing*** – $6.5M likely to be gone
- ***Police Services*** – current contracts through 2011 for one of largest BOC policy considerations of year; important community service but question of who pays for what;
- ***Real Estate Transfers & Fees*** – drop from over $5M in 2003 to just under $2M now
- ***Court Fines & Fees*** – decrease in District Court by over $500K with more instability since partially based on # of law enforcement



Expenditures & Liabilities are Growing

- Personnel is 62% of GF budget, had been growing at 6%+ in line with previous property tax growth
- Tax Appeals liability of $4M and growing, not counting residential
- Allocations to General Government and Non General Fund programs have been substantially reduced
- Currently allocating 62% of General Fund to Public Safety & Justice, up from 50% a few years ago – these are our largest mandated service areas
- $8.6M in reductions in 2010/11 were non-structural further increasing the size of deficit for 2012/13



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Preliminary Estimate 2012/13 General Fund Budget Deficit

	2012	2013
Revenue Estimate	$90,204,501	$86,770,347
Expense Estimate	$103,156,223	$107,667,652
Projected Deficit	***($12,951,723)***	***($20,897,305)***
FTE Reduction	131.7 FTE	207.4 FTE

	Major Assumptions
Property Tax Revenue	2011 = -8.5%; 2012 = -5%, 2013 = -2%
Revenue Sharing	Eliminated following depletion of Reserve Fund
Police Services	Flat contract price with all existing contracts
Real Estate Transfers	In line with 2010 revenue levels
Court Fines & Fees	In line with 2010 revenue levels
Personnel	0% Salary Increase with no furlough/banked leave days; fringe growth 12% annually
Other	Reinstate non structural 2010/11 capital reductions; Other appropriations to NGF remain flat except where mandated

Plan to update the Financial State of the County in May following decision of State and 2011 Equalization Report
We know we have a sizeable and structural deficit that we need to resolve. The exact number will evolve.

We can no longer do all of the things we used to be able to do.
A lot of things will need to change.

Proposed Calendar:

- Kick Off: January
  - Preliminary Financial State of County
  - BOC adoption of Calendar and Guidelines
  - Presentation on Roles & Responsibilities
- Organizational Planning: January – April
  - BOC Priority Setting
  - Department Business Planning
- Budget Development: May – August
  - Updated Financial State of County
  - Administrator sets Department Budget Targets
  - Review Options & Development of Administrator's Recommended Budget
- BOC Review & Adoption: September – November

Our Target Areas: